

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Big Prairie Township	County Newaygo
Fiscal Year End 3/31/07	Opinion Date 10/29/2007	Date Audit Report Submitted to State 11/2/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

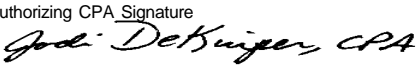
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Internal Control	
Certified Public Accountant (Firm Name) Hendon and Slate, P.C.		Telephone Number 231-924-6890	
Street Address 711 W. Main St.		City Fremont	State Zip MI 49412
Authorizing CPA Signature 	Printed Name Jodi DeKuiper		License Number 1101021180

**BIG PRAIRIE TOWNSHIP
NEWAYGO COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

March 31, 2007

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BIG PRAIRIE TOWNSHIP

Newaygo County, Michigan

Board Members

	<u>Position</u>
David Wright	Supervisor
Judith Baker	Clerk
Jodie Ruehmeier	Treasurer
Marian Davison	Trustee
Mary Anderson	Trustee

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Township Board
Big Prairie Township
Newaygo, County
White Cloud MI 49349

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Big Prairie Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Big Prairie Township, Michigan as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 21 and 22, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Fax (616) 453-9352

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Muskegon, MI 49444
Phone (231) 798-1040
Fax (231) 798-8409

Fremont
711 West Main Street
Fremont, MI 49412
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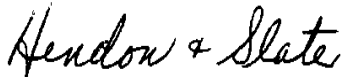
Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

As discussed in Note A, the Township adopted Governmental Accounting Standards Board Statement Number 34 during the current year. As a result, these financial statements present entirely new financial information. Governmental activities report information by individually significant fund, as well as in total on the full accrual basis of accounting.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Big Prairie Township, Michigan's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
October 29, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2007

Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's total net assets remained strong, increasing over \$29,000. The main reason why revenues have exceeded expenditures over the 3/31/05 period is Property Taxes and PTAF. The table below shows a comparison between March 31, 2005 and March 31, 2007.

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>3/31/2007</u>	<u>3/31/2005</u>	<u>3/31/2007</u>	<u>3/31/2005</u>	<u>3/31/2007</u>	<u>3/31/2005</u>
Current Assets	\$ 358,024	\$ 306,440	\$ 488,266	\$ 416,473	\$ 846,290	\$ 722,913
Noncurrent Assets	293,411	342,732	382,099	374,161	675,510	716,893
Total Assets	<u>\$ 651,435</u>	<u>\$ 649,172</u>	<u>\$ 870,365</u>	<u>\$ 790,634</u>	<u>\$1,521,800</u>	<u>\$ 1,439,806</u>
Long-Term Debt Outstanding	\$ 15,143	\$ 48,243	\$ -	\$ -	\$ 15,143	\$ 48,243
Other Liabilities	27,791	21,882	170,352	245,823	198,143	267,705
Total Liabilities	<u>\$ 42,934</u>	<u>\$ 70,125</u>	<u>\$ 170,352</u>	<u>\$ 245,823</u>	<u>\$ 213,286</u>	<u>\$ 315,948</u>
Net Assets						
Invested in Capital Assets						
- Net of Debt	\$ 278,268	\$ 299,589	\$ 382,099	\$ 374,161	\$ 660,367	\$ 673,750
Unrestricted	330,233	279,458	317,914	170,650	648,147	450,108
Total Net Assets	<u>\$ 608,501</u>	<u>\$ 579,047</u>	<u>\$ 700,013</u>	<u>\$ 544,811</u>	<u>\$1,308,514</u>	<u>\$ 1,123,858</u>
Program Revenues						
Charges for Services	\$ 40,959	\$ 42,812	\$ 535,491	\$ 470,851	\$ 576,450	\$ 513,663
Capital Grants	2,666	8,275	-	-	-	8,275
General Revenues						
Property Taxes	115,977	103,939	-	-	115,977	103,939
State Shared Revenue	168,190	168,736	-	-	168,190	168,736
State Annual Mtc. Fee	2,940	-	-	-	2,940	-
Other Taxes	504	404	-	-	504	404
Interest Income	8,063	1,085	2,817	1,542	10,880	2,627
Property Tax Administration Fee	25,249	20,875	-	-	25,249	20,875
Refunds and Reimbursements	475	-	-	-	475	-
National Forest Money	802	2,527	-	-	802	2,527
Miscellaneous	6,366	7,568	-	-	6,366	7,568
Total Revenues	\$ 372,191	\$ 356,221	\$ 538,308	\$ 472,393	\$ 907,833	\$ 828,614

Management's Discussion and Analysis (Continued)

	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>3/31/2007</u>	<u>3/31/2005</u>	<u>3/31/2007</u>	<u>3/31/2005</u>	<u>3/31/2007</u>	<u>3/31/2005</u>
Program Expenses						
General Government	\$ 138,319	\$ 178,872	\$ -	\$ -	\$ 138,319	\$ 178,872
Public Safety	68,038	71,102	-	-	68,038	71,102
Public Works	49,450	76,586	-	-	49,450	76,586
Community & Economic Dev.	20,718	31,572	-	-	20,718	31,572
Recreation and Culture	2,940	2,639	-	-	2,940	2,639
Accumulated Expense	42,252	4,828	-	-	42,252	4,828
Debt Service	1,593	3,375	-	-	1,593	3,375
Other Functions	25,790	37,374	-	-	25,790	37,374
Park Fund	-	-	484,378	420,167	484,378	420,167
Total Expenses	<u>349,100</u>	<u>406,348</u>	<u>484,378</u>	<u>420,167</u>	<u>833,478</u>	<u>826,515</u>
Change in Net Assets	<u>\$ 23,091</u>	<u>\$ (50,127)</u>	<u>\$ 53,930</u>	<u>\$ 52,226</u>	<u>\$ 74,355</u>	<u>\$ 2,099</u>

Governmental Activities

The Township's total governmental revenues increased by approximately \$15,900 due to various sources.

Current year expenditures were approximately \$57,200 less than last audit.

Business-Type Activities

The Park Fund has remained stable over the last couple of years. In March 2005 and March 2007 they have shown a small gain.

The Township's Funds

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds as of March 31, 2007 include the General Fund, Fire Fund, and Park Fund. There are no non-major funds.

General Fund Budgetary Highlights

Over the course of the year, the Township Board found it necessary to amend the budget to take into account events during the year. In the General Fund, the revenue and expenditure budget stayed about the same. No major changes were made.

Capital Asset and Debt Administration

At March 31, 2007, the Township had \$675,510 invested in land, buildings, and equipment. In addition, the Township has invested to maintain roads within the Township. These road expenses are not considered capital expenditures and thus not reported in the Financial Statements as such. Michigan law treats these roads as the property of Newaygo County Road Commission.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2007-2008 will be similar to 2006-2007 final amended budget. The Township has budgeted an decrease in General Fund revenues of approximately \$11,000 under the 2006-2007 budget. The budget for expenditures has decreased by approximately \$4,194. The township has budgeted a contingency of approximately \$24,400.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

BIG PRAIRIE TOWNSHIP

Government Wide Statement of Net Assets March 31, 2007

	Governmental Activities	Business- Type Activities	Total Primary Government
ASSETS			
Cash and Investments	\$ 287,356	\$ 476,828	\$ 764,184
Prepaid Insurance	13,589	11,438	25,027
Taxes Receivable	17,695	-	17,695
Due from Other Funds	39,384	-	39,384
Capital Assets, Net	293,411	382,099	675,510
Total Assets	<u>\$ 651,435</u>	<u>\$ 870,365</u>	<u>\$ 1,521,800</u>
LIABILITIES			
Accounts Payable	\$ 17,295	\$ 7,009	\$ 24,304
Accrued Taxes Payable	909	-	909
Deposit Refunds Due	6,506	-	6,506
Due to Other Units	3,081	-	3,081
Due to Other Funds	-	31,103	31,103
Long Term Debt	15,143	-	15,143
Unearned Revenue	-	132,240	132,240
Total Liabilities	<u>42,934</u>	<u>170,352</u>	<u>213,286</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	278,268	382,099	660,367
Unrestricted	330,233	317,914	648,147
Total Net Assets	<u>\$ 608,501</u>	<u>\$ 700,013</u>	<u>\$ 1,308,514</u>

The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Government Wide Statement of Activities
For the Year Ended March 31, 2007

Functions/Programs	Program Revenues			Net (Expenses)	Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Capital Grants	Governmental Activities	Business- Type Activities	Total
Governmental Activities						
General Government	\$ 138,319	\$ 6,058	\$ -	\$ (132,261)	\$ -	\$ (132,261)
Public Safety	68,038	20,282	-	(47,756)	-	(47,756)
Public Works	49,450	1,674	-	(47,776)	-	(47,776)
Community & Economic Dev.	20,718	12,945	-	(7,773)	-	(7,773)
Recreation & Culture	2,940	-	-	(2,940)	-	(2,940)
Capital Outlay	-	-	2,666	2,666	-	2,666
Interest Expense	-	-	-	-	-	-
Accumulated Expense	42,252	-	-	(42,252)	-	(42,252)
Debt Service	1,593	-	-	(1,593)	-	(1,593)
Other Functions	25,790	-	-	(25,790)	-	(25,790)
Total Governmental Activities	349,100	40,959	2,666	(305,475)	-	(305,475)
Business- Type Activities						
Park Fund	484,378	535,491	-	-	51,113	51,113
Total Primary Government	\$ 833,478	\$ 576,450	\$ 2,666	\$ (305,475)	\$ 51,113	\$ (254,362)
General Revenues						
Property Taxes - Levied for General Purpose				\$ 56,412	\$ -	\$ 56,412
Property Taxes - Levied for Public Safety				59,565	-	59,565
State Shared Revenue				168,190	-	168,190
State Annual Mtc. Fee				2,940	-	2,940
Other Taxes				504	-	504
Interest Income				8,063	2,817	10,880
Miscellaneous				6,366	-	6,366
Property Tax Administration Fees				25,249	-	25,249
Refunds and Reimbursements				475	-	475
National Forest Money				802	-	802
Total General Revenues				328,566	2,817	331,383
Change in Net Assets				23,091	53,930	77,021
Net Assets - April 1, 2006				585,410	635,814	1,221,224
Net Assets - March 31, 2007				\$ 608,501	\$ 689,744	\$ 1,298,245

The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Governmental Fund Balance Sheet March 31, 2007

	General Fund	Fire Fund	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 154,733	\$ 132,623	\$ 287,356
Taxes Receivable	9,915	7,780	17,695
Due from Other Funds	<u>39,385</u>	<u>35,303</u>	<u>74,688</u>
Total Assets	<u>\$ 204,033</u>	<u>\$ 175,706</u>	<u>\$ 379,739</u>
LIABILITIES			
Accounts Payable	\$ 15,591	\$ 1,704	\$ 17,295
Accrued Taxes Payable	909	-	909
Due to Other Funds	35,304	-	35,304
Due to Other Units	3,081	-	3,081
Deposit Refunds Due	<u>6,506</u>	<u>-</u>	<u>6,506</u>
Total Liabilities	61,391	1,704	63,095
FUND BALANCES			
Unrestricted	<u>142,642</u>	<u>174,002</u>	<u>316,644</u>
Total Liabilities and Fund Equity	<u>\$ 204,033</u>	<u>\$ 175,706</u>	<u>\$ 379,739</u>

The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2007

Total Governmental Fund Balances	\$ 316,644
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Prepaid insurance reflects amounts that will be paid in a future period.	13,589
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Notes payable are not due and payable in the current period are not reported in the funds	(15,143)
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Amounts Due To/From Other Funds

Due to Other Funds	35,303
Due From Other Funds	(35,303)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	793,273	
Governmental Accumulated Depreciation	<u>(499,862)</u>	<u>293,411</u>

Total Net Assets - Governmental Activities:	<u>\$ 608,501</u>
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The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balance For the Year Ended March 31, 2007

	General Fund	Fire Fund	Total Governmental Funds
Revenues			
Property Taxes	\$ 56,412	\$ 59,564	\$ 115,976
Other Taxes	504	-	504
Property Tax Administration Fee	25,249	-	25,249
Licenses and Permits	12,945	-	12,945
State Shared Revenue	168,190	-	168,190
State Annual Mtc. Fee	2,940	-	2,940
Charges for Services	1,674	20,282	21,956
Interest	3,330	4,733	8,063
Rents and Royalties	6,058	-	6,058
Refunds and Reimbursements	475	-	475
National Forest Money	802	-	802
Grants	166	2,500	2,666
Miscellaneous	6,366	-	6,366
Total Revenues	285,111	87,079	372,190
Expenditures			
General Government	138,319	-	138,319
Public Safety	19,685	48,353	68,038
Public Works	49,450	-	49,450
Community & Economic Dev.	20,718	-	20,718
Recreation & Culture	2,940	-	2,940
Capital Outlay	-	9,143	9,143
Debt Service	-	15,961	15,961
Other Functions	26,514	-	26,514
Total Expenditures	257,626	73,457	331,083
Excess Revenue Over (Under) Expenditures	27,485	13,622	41,107
Other Financing Sources			
Operating Transfers In	-	16,888	16,888
Operating Transfers Out	(16,888)	-	(16,888)
Net Changes in Fund Balance	10,597	30,510	41,107
Fund Balance - April 1, 2006	132,045	143,492	275,537
Fund Balance - March 31, 2007	\$ 142,642	\$ 174,002	\$ 316,644

The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds \$ 41,107

Prepaid insurance reflects amounts that will be paid in a future period:

Current Year Prepaid Insurance	13,589	
Prior Year Prepaid Insurance	<u>(12,864)</u>	725

Note Payable principal payments are reported as an expenditure in the fund statements, but not in the statement of activities (where it reduces long-term debt) 14,368

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:

Capital outlay reported in governmental fund statements	9,143	
Depreciation expense reported in the statement of activities	<u>(42,252)</u>	<u>(33,109)</u>

Changes in Net Assets - Governmental Activities \$ 23,091

The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Proprietary Fund Statements of Net Assets March 31, 2007

	Park Fund
Assets	
Current Assets	
Cash - Checking	\$ 424,894
Cash - Certificates of Deposit	51,934
Prepaid Insurance	<u>11,438</u>
Total Current Assets	488,266
Property and Equipment	
Land Improvements	588,263
Building and Improvements	259,715
Equipment and Vehicles	<u>289,848</u>
Total Property and Equipment	1,137,826
Less: Accumulated Depreciation	<u>(755,727)</u>
Net Property and Equipment	<u>382,099</u>
Total Assets	<u><u>\$ 870,365</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 7,009
Due to Other Funds	31,103
Unearned Revenue	<u>132,240</u>
Total Liabilities	<u>170,352</u>
Net Assets	
Invested in Capital Assets	
-Net of Debt	382,099
Unrestricted	<u>317,914</u>
Total Net Assets	<u>700,013</u>
Total Liabilities and Net Assets	<u><u>\$ 870,365</u></u>

The Notes to the Financial Statements are an integral part of this statement

BIG PRAIRIE TOWNSHIP

Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets For the Year Ended March 31, 2007

	Park <u>Fund</u>
Operating Revenues	
Use and Admission Fees	\$ 494,582
Visitor Fees	21,612
License Income	-
Pop	1,548
Ice	9,397
Wood	2,406
Ice Cream	4,483
Other	20,734
	<hr/> 554,762
Total Operating Revenues	
Less: Cost of Goods Sold	(9,813)
Refunds	<hr/> (9,457)
Net Operating Revenues	535,492
Operating Expenses	
Salaries and Wages	173,354
Per Diem	12,457
Fringe Benefits - Payroll Taxes and Unemployment Insurance	29,056
Supplies - Operating	19,598
- Office	2,982
Professional Services -Legal	598
-Security	-
-Other	11,451
Insurance - Liability and Auto	28,153
Credit Card Fees	-
Communication	6,829
Transportation (Mileage)	1,879
Printing, Publishing and Advertising	4,034
Electricity	55,005
Garbage and Sewage	11,163
Gasoline and Oil	10,434
Fuel Oil and Bottle Gas	2,063
Community Promotions	1,624
Repairs and Maintenance	25,383
Property Taxes and Lease Payment	3,095
Depreciation	56,744
Bank Services Charges	13,263
Equipment Rental	735
Hall Rental	2,500
Other Expenses	<hr/> \$ 1,710

The Notes to the Financial Statements are an integral part of this statement.

Big Prairie Township - Park Fund
Statement of Revenues, Expenses and Changes in Net Assets
-Budget and Actual (Continued)

Total Operating Expenses	<u>\$ 474,110</u>
Operating Income	61,382
Non-Operating Revenues	
Interest on Investments	<u>2,817</u>
Total Non-Operating Revenue	<u>2,817</u>
Change in Net Assets	64,199
Total Net Assets - Beginning	<u>635,814</u>
Total Net Assets - Ending	<u><u>\$ 700,013</u></u>

The Notes to the Financial Statements are an integral part of this statement.

BIG PRAIRIE TOWNSHIP

Park Fund Statement of Cash Flows For the Year Ended March 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Collected from Sales	\$ 545,713
Cash Paid for Purchases	(9,813)
Cash Paid to Suppliers	(199,862)
Cash Paid to Employees	<u>(218,477)</u>

Net Cash Provided by Operating Activities 117,561

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	<u>(37,525)</u>
-----------------------------	-----------------

Net Cash Used by Capital and Related Financing Activities (37,525)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	<u>2,817</u>
----------	--------------

Net Cash Provided by Investing Activities 2,817

Net Increase in Cash and Cash Equivalents 82,853

Cash Balances-Beginning of Year 393,975

Cash Balances-End of Year \$ 476,828

Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:

Operating Income	\$ 61,382
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Depreciation	56,744
Change in Assets and Liabilities	
Decrease in Prepaid Insurance	303
Decrease in Accounts Payable	(2,203)
Increase in Due to Other Funds	13,993
Decrease in Payroll Taxes Payable	(3,609)
Decrease in Unearned Revenue	<u>(9,049)</u>

Net Cash Flow Provided By Operating Activities \$ 117,561

The Notes to the Financial Statements are an integral part of this statement.

BIG PRAIRIE TOWNSHIP

Statement of Net Assets - Fiduciary Funds
March 31, 2007

	Property <u>Taxes</u>	Trust Fund <u>Agency</u>	Total Trust <u>and Agency</u>
ASSETS			
Cash and Investments	<u>\$ 15,770</u>	<u>\$ 11</u>	<u>\$ 15,781</u>
LIABILITIES AND NET ASSETS			
Due to Other Funds	\$ 8,270	\$ 11	\$ 8,281
Due to Other Governments	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total Liabilities	<u>\$ 15,770</u>	<u>\$ 11</u>	<u>\$ 15,781</u>

The Notes to the Financial Statements are an integral part of this statement.

BIG PRAIRIE TOWNSHIP

Notes to the Financial Statements
For the Year Ended March 31, 2007

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Big Prairie Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Big Prairie Township.

In June, 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- a. A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- b. Financial statements prepared using full accrual accounting for all of the Township's activities.
- c. A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

B. Joint Ventures

The Big Prairie/Everett Cemetery is a joint venture between Big Prairie Township and Everett Township. The board is appointed by the two township boards and the property on which the cemetery exists is held by the two townships. The Cemetery operations are funded by charges for services and financial support from Everett and Big Prairie Townships. Everett Township collects a portion of a milage to support the Cemetery, which is remitted annually to the Cemetery. Big Prairie Township supports the Cemetery from the General Fund with amount equal to the amount remitted by Everett Township. The Township does not report an equity interest in this joint venture in these financial statements because the Township does not have an explicit and measurable right to the joint ventures resources. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the March 31, 2007 audit report of Big Prairie/Everett Cemetery follows:

Total Assets	\$ 79,185
Total Liabilities	605
Net Assets	<u>\$ 78,580</u>

Revenues	\$ 28,446
Expenses	22,114
Revenues Under Expenses	<u>\$ 6,332</u>

Complete financial statements for the Big Prairie/Everett Cemetery may be obtained from offices at Everett Township, 1516 E. 8th, White Cloud, MI 49349

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the last payment has not been received by March 31; therefore, a receivable is recorded for this amount. For fiscal year-end March 31, 2007, the amount had been received so the receivable balance was \$0.

2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2006 delinquent taxes of \$9,915 are recorded as receivable at March 31, 2007 and have been included in revenues for the year ended March 31, 2007.

The 2006 taxable valuation of the Township totaled \$59,050,725 on which ad valorem taxes levied consisted of 1.79 mills for general operations and .9820 mills for fire operations. The amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire fund accounts for the resources of property tax revenue and charges for services that are restricted for fire protection purposes.

The government reports the following major proprietary funds:

Park Fund

This fund is used to account for the operations of the Township's self-supporting park. Its operations are funded by user charges and does not receive financial support from the Township General Fund.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 Years
Buildings and Improvements	20 Years
Vehicles	8 Years
Office Equipment	5 Years
General Equipment	10-15 Years

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has adopted an investment policy in accordance with Public Act 196 of 1997.

The Township's deposits and investment policy are in accordance with statutory authority.

The Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Business Activities	Fiduciary Funds	Total Primary Government
Cash and Cash Equivalents	\$ 287,356	\$ 476,828	\$ 15,781	\$ 779,965

The bank balance of the Township's deposits is \$698,198, of which \$273,830 is covered by federal depository insurance, \$81,835 is uninsured and \$342,533 is in money market funds.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes the investments in the funds comply with the investment authority noted above.

Depositories actively used by the Township during the year are detailed as follows:

Valley Ridge Bank
Independent Bank
Independent Bank West

NOTE D RECEIVABLES

Receivables as of year-end for the Township's individual major and non-major funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	General Fund	Fire Fund	Enterprise Fund	Non Major Fund	Total
Taxes Receivable	\$ 9,915	\$ 7,780	\$ -	\$ -	\$ -
Fiduciary Fund					
Other Gross Receivables					
Less: Allowance for Uncollectibles					
Net Receivables	<u>\$ 9,915</u>	<u>\$ 7,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

Notes to the Financial Statements (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated				
Land	\$ 29,524	\$ -	\$ -	\$ 29,524
Capital Assets Being Depreciated				
Buildings	122,569	-	-	122,569
Improvements other than Buildings	39,232			39,232
Machinery & Equipment	295,203	4,452		299,655
Office Equipment	20,097	4,691		24,788
Vehicles	277,505			277,505
Subtotal	754,606	9,143	-	763,749
Less Accumulated Depreciation for				
Buildings	44,926	2,673	-	47,599
Improvements Other than Buildings	20,428	1,277	-	21,705
Machinery & Equipment	157,226	16,658	-	173,884
Office Equipment	17,184	2,653	-	19,837
Vehicles	217,846	18,991	-	236,837
Subtotal	457,610	42,252	-	499,862
Net Capital Assets being depreciated	296,996	(33,109)	-	263,887
Capital Assets - Net of Depreciation	<u>\$ 326,520</u>	<u>\$ (33,109)</u>	<u>\$ -</u>	<u>\$ 293,411</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets not Being Depreciated				
Land	\$ 18,093	\$ -	\$ -	\$ 18,093
Capital Assets Being Depreciated				
Buildings	259,715	-	-	259,715
Improvements Other than Buildings	572,145	16,118		588,263
Equipment and Vehicles	268,442	21,406	-	289,848
Subtotal	1,100,302	37,524	-	1,137,826
Less Accumulated Depreciation for				
Buildings	232,072	3,884	-	235,956
Improvements Other than Buildings	265,800	36,493		302,293
Equipment and Vehicles	201,112	16,367	-	217,479
Subtotal	698,984	56,744	-	755,728
Net Capital Assets being depreciated	401,318	(19,220)	-	382,098
Business-Type Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 419,411</u>	<u>\$ (19,220)</u>	<u>\$ -</u>	<u>\$ 400,191</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	<u>\$ 42,252</u>
Business-Type Activities	
Park Fund	<u>\$ 56,744</u>

The composition of interfund balances is as follows:

Notes to the Financial Statements (continued)

Receivable Fund (Due From)		Payable Fund (Due To)	
General Fund	\$ 8,282	Fire Fund	\$ 8,271
Park Fund	31,103	General Fund	35,303
Fire Fund	35,303	Trust & Agency Fund	3,081
Trust & Agency Fund	3,081	Trust & Agency Fund	11
		Park Fund	\$ 31,103
	<u>\$ 77,769</u>		<u>\$ 77,769</u>

All amounts are expected to be paid within one year.

NOTE I RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE J LONG-TERM DEBT

Notes payable are comprised of the following at March 31, 2007:

	Outstanding Principal March 31, 2007
Laurel Mountain Leasing due in installments of \$15,961 through February 2008, interest payable at 5.4 percent	<u>\$ 15,143</u>

	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities				
Laurel Mountain Leasing	\$ 29,511	\$ (14,368)	\$ 15,143	\$ 15,143
Total Governmental Activities	<u>\$ 29,511</u>	<u>\$ (14,368)</u>	<u>\$ 15,143</u>	<u>\$ 15,143</u>

Annual requirements to amortize the outstanding amounts at March 31, 2007

	Governmental Activities		Total
	Principal	Interest	Payments
2008	\$ 15,143	\$ 818	\$ 15,961
Total	<u>\$ 15,143</u>	<u>\$ 818</u>	<u>\$ 15,961</u>

NOTE K PERMITS

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The Township opened a separate bank account in July of 2004 to comply with this Act. The following is the required accounting for such fees:

Beginning Excess Costs Over Fees Collected	\$ 7,397
Fees Collected 2007	10,630
Wages, Professional Fees, and Other Expenses	<u>(9,479)</u>
Excess Fees Collected Over Costs Collected	<u><u>\$ 8,548</u></u>

BIG PRAIRIE TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for Fire Fund For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 55,000	\$ 55,000	\$ 59,564	\$ 4,564
Charges for Services	14,000	14,000	20,282	6,282
Interest	500	500	4,733	4,233
Grants	-	-	2,500	2,500
Other Revenue	-	-	-	-
Total Revenues	69,500	69,500	87,079	17,579
Expenditures				
Salaries	20,000	20,000	21,307	(1,307)
Office Supplies	500	500	724	(224)
Operating Supplies	3,000	3,000	8,800	(5,800)
Heat	3,000	3,000	1,092	1,908
Prof. Services	1,000	1,000	911	89
Communications	550	550	279	271
Insurance	1,250	1,250	-	1,250
Transportation	200	200	34	166
Utilities	-	-	610	(610)
Repairs	22,950	22,950	12,360	10,590
Education & Training	2,500	2,500	1,685	815
Equipment	30,600	30,600	-	30,600
Miscellaneous	-	-	551	(551)
Total Public Safety	85,550	85,550	48,353	37,197
Capital Outlay	-	-	9,143	(9,143)
Debt Service				
Principal	15,961	15,961	15,143	818
Interest	-	-	818	(818)
Total Debt Service	15,961	15,961	15,961	-
Total Expenditures	101,511	101,511	73,457	28,054
Excess Revenues (Expenditures)	(32,011)	(32,011)	13,622	45,633
Other Financing Sources				
Operating Transfers In	19,143	19,143	16,888	2,255

Budgetary Comparison Schedule for Fire Fund
(continued)

Net Changes in Fund Balance	(12,868)	(12,868)	30,510	47,888
Fund Balance - April 1	<u>119,656</u>	<u>119,656</u>	<u>143,492</u>	<u>23,836</u>
Fund Balance - March 31	<u>\$ 106,788</u>	<u>\$ 106,788</u>	<u>\$ 174,002</u>	<u>\$ 71,724</u>

BIG PRAIRIE TOWNSHIP

Required Supplementary Information Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance to Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 50,000	\$ 50,000	\$ 56,412	\$ 6,412
National Forest Money	900	900	802	(98)
Other Taxes	500	500	504	4
Property Tax Admin Fee	27,500	27,500	25,249	(2,251)
Licenses and Permits	14,000	14,000	12,945	(1,055)
State Revenue Sharing	170,000	170,000	168,190	(1,810)
State Annual Mtc. Fee	3,500	3,500	2,940	(560)
Charges for Services	2,000	2,000	1,674	(326)
Interest	500	500	3,330	2,830
Grants	1,200	1,200	166	(1,034)
Rents and Royalties	6,000	6,000	6,058	58
Refunds and Reimbursements	6,800	6,800	475	(6,325)
Donation	800	800	-	(800)
Misc.	-	-	6,366	6,366
	<u>283,700</u>	<u>283,700</u>	<u>285,111</u>	<u>1,411</u>
Total Revenues				
Expenditures				
General Government				
Township Board	32,920	32,920	30,681	2,239
Supervisor	12,200	12,200	11,779	421
Elections	4,000	4,000	3,654	346
Assessor	23,050	25,050	23,167	1,883
Clerk	20,076	20,076	19,358	718
Board of Review	2,000	2,000	1,660	340
Treasurer	28,116	28,116	24,220	3,896
Hall and Grounds	25,400	23,400	14,494	8,906
Cemetery	9,000	9,500	9,306	194
Public Safety				
Public Safety	21,590	21,590	10,207	11,383
Inspectors	11,400	11,400	9,478	1,922
Public Works				
Streets	51,000	51,000	48,443	2,557
Street Lighting	2,000	2,000	1,007	993
Community and Economic Dev				
Planning	27,300	27,300	20,718	6,582
Recreation and Culture				
Day Park	5,000	5,000	2,940	2,060

Budgetary Comparison Schedule for General Fund
(continued)

Other Functions				
Contingencies	9,899	9,399	-	9,399
Insurance	<u>30,000</u>	<u>30,000</u>	<u>26,514</u>	<u>3,486</u>
Total Expenditures	<u>314,951</u>	<u>314,951</u>	<u>257,626</u>	<u>57,325</u>
Excess Revenues (Expenditures)	(31,251)	(31,251)	27,485	(55,914)
Other Financing Sources				
Operating Transfers Out	<u>(19,143)</u>	<u>(19,143)</u>	<u>(16,888)</u>	<u>(2,255)</u>
Net Changes in Fund Balance	(50,394)	(50,394)	10,597	60,991
Fund Balance - April 1, 2006	<u>136,395</u>	<u>136,395</u>	<u>132,045</u>	<u>(4,350)</u>
Fund Balance - March 31, 2007	<u>\$ 86,001</u>	<u>\$ 86,001</u>	<u>\$ 142,642</u>	<u>\$ 56,641</u>

BIG PRAIRIE TOWNSHIP

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2007

	Budget	Actual	Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 50,000	\$ 56,412	\$ 6,412
National Forest Revenue	900	802	(98)
Other Taxes	500	504	4
Property Tax Administration Fee	27,500	25,249	(2,251)
Licenses and Permits	14,000	12,945	(1,055)
State Grants	170,000	168,190	(1,810)
Charges for Services	2,000	1,674	(326)
Interest	500	3,330	2,830
Rents and Royalties	6,000	6,058	58
Refunds and Reimbursements	6,800	475	(6,325)
State Annual Mtc. Fee	3,500	2,940	(560)
Grants	1,200	166	(1,034)
Other Revenue	800	6,366	5,566
Total Revenues	283,700	285,111	1,411
Expenditures			
General Government			
Township Board			
Salaries and Wages	12,120	11,110	
FICA	10,000	7,731	
Professional Services - Other	8,000	5,601	
Printing and Publishing	800	1,995	
Education and Training	800	-	
Dues	1,200	1,192	
Misc.	-	3,052	
	32,920	30,681	2,239
Supervisor			
Salaries and Wages	11,700	11,700	
Education & Training	500	79	
	12,200	11,779	421
Elections			
Salary & Wages	2,000	2,034	
Supplies	100	563	
Professional Services	1,000	770	
Transportation	150	110	
Printing & Publishing	750	177	
	4,000	3,654	346

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Assessor			
Salary & Wages	19,500	-	
Supplies	1,500	1,179	
Prof. Services	4,000	21,988	
Communications	50	-	
	<u>25,050</u>	<u>23,167</u>	1,883
Clerk			
Salaries and Wages	17,016	17,016	
Deputy Wages	1,000	240	
Office Supplies	1,000	1,348	
Communications	160	160	
Repairs	100	-	
Education & Training	800	594	
	<u>20,076</u>	<u>19,358</u>	718
Board of Review			
Salaries and Wages	1,200	1,125	
Prof. Services	-	69	
Printing & Publishing	400	150	
Supplies	100	-	
Miscellaneous	-	36	
Education & Training	300	280	
	<u>2,000</u>	<u>1,660</u>	340
Treasurer			
Salaries and Wages - Clerk	17,016	17,016	
- Deputy	2,000	578	
Supplies	500	437	
Prof. Services	8,000	6,084	
Communications	500	-	
Education & Training	100	105	
	<u>28,116</u>	<u>24,220</u>	3,896
Building & Grounds			
Hall Heat	2,500	1,767	
Communications	2,500	2,688	
Utilities	2,000	2,482	
Repairs	13,000	5,884	
Rentals	800	1,100	
Office	-	573	
Operating	100	-	
Equipment	1,000	-	
Capital Outlay	1,500	-	
	<u>23,400</u>	<u>14,494</u>	8,906

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Cemetery			
Cemetery Matching	<u>9,500</u>	<u>9,306</u>	
	<u>9,500</u>	<u>9,306</u>	194
Total General Government	157,262	138,319	18,943
Public Safety			
Salaries & Wages	11,000	7,135	
Office Supplies	250	-	
Oper. Supplies	1,500	2,230	
Prof./Contracted Services	1,000	292	
Repairs	1,000	-	
Education & Training	5,000	550	
Equipment	<u>1,840</u>	<u>-</u>	
	21,590	10,207	11,383
Inspectors			
Salaries and Wages	10,300	9,093	
Supplies	200	42	
Prof. Services	200	-	
Miscellaneous	-	15	
Education & Training	<u>700</u>	<u>328</u>	
	<u>11,400</u>	<u>9,478</u>	1,922
Total Public Safety	32,990	19,685	13,305
Public Works			
Roads	51,000	48,443	
Street Lighting	<u>2,000</u>	<u>1,007</u>	
Total Public Works	53,000	49,450	3,550
Community and Economic Development			
Planning			
Salary & Wages	12,000	10,687	
Supplies	200	267	
Contracted Services	10,000	6,913	
Communications	100	200	
Transportation	1,000	390	
Printing & Publishing	3,000	1,012	
Education & Training	<u>1,000</u>	<u>1,249</u>	
Total Community and Economic Development	27,300	20,718	6,582

Statement of Revenues, Expenditures and
Changes in fund Balance - General Fund (continued)

Recreation and Culture			
Day Park			
Repairs	3,850	2,810	
Utilities	150	130	
Equipment	<u>1,000</u>	<u>-</u>	
Total Recreation and Culture	5,000	2,940	2,060
Other Functions			
Contingencies	9,399	-	
Insurance & Bonds	<u>30,000</u>	<u>26,514</u>	
Total Other Functions	<u>39,399</u>	<u>26,514</u>	<u>12,885</u>
Total Expenditures	<u>314,951</u>	<u>257,626</u>	<u>57,325</u>
Excess of Revenues (Expenditures)	(31,251)	27,485	(55,914)
Other Financing Sources			
Operating Transfers Out	<u>(19,143)</u>	<u># (16,888)</u>	<u>2,255</u>
Net Changes in Fund Balance	(50,394)	10,597	60,991
Fund Balance - April 1, 2006	<u>136,395</u>	<u>132,045</u>	<u>(4,350)</u>
Fund Balance - March 31, 2007	<u>\$ 86,001</u>	<u>\$ 142,642</u>	<u>\$ 56,641</u>

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

October 29, 2007

Judy Baker
Big Prairie Township
Newaygo County, Michigan

As a result of our recent examination of the books and records of your Township for the fiscal year ended March 31, 2007, enclosed please find:

1. Seven (7) copies of the audit report.
2. Seven (7) copies of the the Comments and Recommendations letter.
3. Seven (7) copies of the the Internal Control letter.
3. Two (2) copies of Form F-65.
4. One (1) copy of the Auditing Procedures Report.

Should any questions arise on the enclosed materials, please call upon us.

Respectfully submitted,



Jodi DeKuiper, CPA
Hendon & Slate, P.C.

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www.hscompanies.com

H&S Companies

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Certified Public Accountants
Business Consultants

October 29, 2007

Township Board
Big Prairie Township
Newaygo County, MI

Dear Board Members:

In connection with our recent examination of the Financial Statements of Big Prairie Township for the fiscal year ended March 31, 2007, we offer the following comments and recommendations:

BOOKS AND RECORDS

First, we would like to commend the Clerk and Treasurer for a great improvement in the maintaining of the Township's records. However, we continue to have difficulties with the books and records. There were several reclassifications necessary to properly classify the revenues and expenditures into proper accounts. We also proposed journal entries to record the beginning and ending receivables and payables for both the 2005-06 and 2006-07 fiscal years. In addition to these transactions were transactions which are discussed under "CASH" below.

We noted that the payroll function of QuickBooks was beginning to be used in December, 2006. The use of this function will assist the clerk in preparing the quarterly and annual payroll reports which are required by state and federal governments.

During the audit we again noted missing invoices. We remind the Board that all invoices must remain on file for any Township expenditures. It was a pleasure working with the township during the engagement. We appreciate the courtesy extended to us during the course of the audit.

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CASH

The General Fund and the Fire Fund share a pooled checking account. Money from each fund can be combined into a single checking account; we are pleased to see that the checking account is separated into three accounts in QuickBooks. We noted that some fire expenditures were posted as reductions to the General Fund cash. This can occur quite easily when preparing checks in QuickBooks by forgetting to change the cash account which is being used for check payment. Although cash does not need to be physically moved from one cash account to another, this is and has been treated as a transfer from General Fund to Fire Fund. We recommend when the bank account is reconciled, the checks are reviewed to determine if the appropriate cash account was used prior to canceling the checks as paid. If the Fire Fund does not have enough funds available to pay for expenditures, the board needs to approve either a transfer or loan from the General Fund. If a transfer is approved, the budget may need to have a line item for transfers to cover the expenditure.

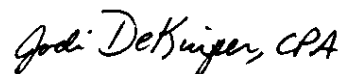
BUDGETING

We previously noted that the Township budget was not in compliance with the Michigan Public Act 2. We believe that budget was in compliance for the fiscal year ended March 31, 2007.

SUMMARY

We would like to thank the board for the opportunity to provide your March 31, 2007 audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions or concerns you may have. We look forward to working with you in the future.

Respectfully Submitted,

A handwritten signature in black ink that reads "Jodi DeKuiper, CPA". The signature is written in a cursive, flowing style.

Jodi DeKuiper, CPA
Hendon & Slate, PC

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

Board Members,
Big Prairie Township
Newaygo County, MI

In planning and performing our audit of the financial statements of Big Prairie Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Big Prairie Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Big Prairie Township's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies .

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

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Anti-Fraud Program

The Township has not adopted an Anti-Fraud Program as required by SAS 99 (copy provided).

Controls over Non-Routine and Non-Systematic Transactions

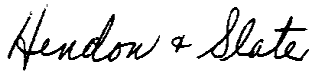
The Township does not have controls in place whereby journal entries are reviewed by individuals independent of the person initiating the transactions.

Controls over the Selection and Application of Accounting Principles that are in Conformity with Generally Accepted Accounting Principles

The Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.
Certified Public Accountants
October 29, 2007